



## HIV Client Services Early Intervention Program: Client Coverage under the Medicare Modernization Act

The United States Congress passed the Medicare Modernization Act in 2003 for the purpose of providing drug coverage for individuals enrolled in Medicare. The act contains a number of provisions that will affect how the Washington State Department of Health HIV Client Services Early Intervention Program (EIP) provides services to its clients who are eligible for Medicare. The federal government has determined how the program must respond to some provisions in the act, while the program has limited discretion to respond to other provisions. This document describes how the EIP will respond to the Medicare Modernization Act while complying with federal laws and regulations and ensuring that its clients retain access to HIV-related medications.

### **Federally-mandated action:**

**Enrollment in prescription drug plans:** The Health Resources and Services Administration (HRSA) will require that all AIDS Drug Assistance Program (ADAP) clients who are eligible for the Medicare Part D benefit enroll in a prescription drug plan (PDP).

**Program Response:** EIP will require that all Medicare clients enroll in a PDP. In addition, EIP will require that all Medicare clients with incomes  $\leq 150\%$  FPL apply for the Low Income Subsidy (LIS) offered through the Social Security Administration.

**Rationale:** The EIP can reduce program drug costs when enrollees participate in a Prescription Drug Program. If they do not enroll, EIP would jeopardize its federal ADAP funds. Medicare beneficiaries must enroll in a PDP before May, 2006 to avoid future premium penalties. The LIS will provide premium and drug assistance for clients.

### **Discretionary responses to ensure coverage:**

**“Wrap-around” coverage:** HRSA has determined that ADAPs are allowed to provide “wrap-around” coverage for clients enrolled in a Medicare PDP. Each individual ADAP is expected to make this coverage decision. “Wrap-around” coverage includes the paying of premiums, deductibles, co-pays and any other co-insurance.

**Response:** EIP will pay PDP premiums and will offer to pay co-pays or a percentage of drug costs (co-insurance) for EIP formulary medications for program participants enrolled in a PDP (or a Medicare Advantage plan that includes prescription coverage.) EIP will assist clients with their co-pays or the percentage of their drug costs described below.

**Rationale:** Paying PDP premiums, co-pays, and co-insurance will reduce interruptions to HIV drug treatment, which are dangerous and can lead to drug resistance. Medicare beneficiaries will be faced with the following costs that could result in a disruption to care:

1. PDP's will have tiered systems that provide additional formulary coverage at a higher premium rate. Dual eligibles (Medicaid/Medicare recipients) and Medicare beneficiaries with LIS will only receive the basic coverage and will need to purchase additional coverage if their medication is not included on the formulary.
2. All Medicare beneficiaries will have a financial requirement regardless of income level.
3. Drug costs will range from 15% to 25% of monthly prescription costs for individuals over 135% FPL.
4. Co-pays will range from \$1 to \$5 dollars per prescription, per month for individuals  $\leq 135\%$  FPL.

**Insurance coverage:** ADAPs may provide insurance coverage to individuals on Medicare who have creditable insurance (plans comparable to PDP's).

**Response:** EIP will continue to pay insurance premiums for Medicare clients who have creditable insurance if their income is  $\geq 135\%$  FPL or they do not qualify for LIS. EIP will no longer pay insurance premiums for Medicare clients with incomes  $< 135\%$  FPL or who qualify for LIS.

**Rationale:** Medicare clients with incomes  $< 135\%$  will have coverage equal to clients with both Medicare and Medicaid. These clients will be referred to Social Security Administration for LIS. If they do not qualify for LIS, EIP will continue to assist with insurance premiums payments.

**Spendedown coverage:** EIP assists clients with Medicaid spenddown using unobligated state funds. Clients eligible for both Medicaid and Medicare are considered dual eligibles. Dual eligibles who maintain their Medicaid coverage have access to comprehensive insurance coverage. Assisting clients to meet their Medicaid spenddown reduces potential interruptions in health care.

**Response:** EIP will continue to assist Medicare clients to meet their Medicaid spenddown if their incomes are  $\geq 135\%$  FPL or they do not qualify for LIS. Once their spenddown is met, these clients will be considered dual eligibles for the remainder of the calendar year. EIP will no longer assist Medicare clients to meet their Medicaid spenddown if their incomes are  $< 135\%$  FPL.

**Rationale:** Medicare clients with incomes  $< 135\%$  who do not meet their Medicaid spenddown will be referred Social Security Administration for LIS and the Department of Social and Health Services for the Medicare Savings Program. This will provide them with coverage similar to coverage for duals. Medicare clients with incomes  $\geq 135\%$  FPL who do not meet their Medicaid spenddown will not be eligible for full subsidy LIS or Medical Savings Program and will therefore have higher coinsurance and insurance premiums.

For more information please contact HIV Client Services at 1-360-236-3426 or 1-877-376-9316